

# Financial Reporting implications of the transition to International Public Sector Accounting Standards

---

**TO** Audit Committee

**FROM** Steve Baker - Chief Financial Officer

**DATE** 30 April 2015

**SUBJECT** Financial Reporting implications of the transition to International Public Sector Accounting Standards

---

## 1 Purpose of Report

The purpose of this report is to bring to the Committee's attention the impact of the transition to International Public Sector Accounting Standards (IPSAS) for financial reporting purposes.

## 2 Issue

A new multi-standards financial reporting framework has been introduced in New Zealand by the External Reporting Board (XRB). Council is classified as a public sector public benefit entity (PBE) under this framework.

The framework changes came into effect on 1 July 2014. For Council, the first financial statements reporting under the new framework will be reported in the Council's Annual Report for the year ending 30 June 2015. The forecast financial statements in the final version of our 2015 - 2025 Long Term Plan will also be prepared under the new standards.

The PBE reporting tiers are outlined in the table below:

Tier	Tier criteria	Reporting standards to apply
1	Expenses >\$30m or public accountability.	PBE standards
2	Expenses >\$2m and ≤\$30m and non-publicly accountable. <i>An entity can elect to report as a tier 2 entity if it meets the tier 2 criteria.</i>	PBE standards reduced disclosure regime
3	Expenses ≤\$2m which are not in tier 4 and non-publicly accountable. <i>An entity can elect to report as a tier 2 or 3 entity if it meets the tier 3 criteria.</i>	PBE simple format reporting - accrual
4	All entities permitted by law to use cash accounting. <i>An entity can elect to report as a tier 2, 3, or 4 entity if it meets the tier 4 criteria.</i>	PBE simple format reporting - cash

Our Council falls under the first tier, so will need to apply full PBE standards. It is anticipated that the transition to the new PBE standards will be less complex compared to the transition to NZ IFRS in 2007. The new PBE standards are already highly converged with existing NZ IFRS standards as applied by PBEs.

The attached report outlines progress to date with the transition to the new standards (***Attachment A***)

### **3 Suggested Resolution(s)**

That the Audit Committee receives the 'Financial Reporting implications of the transition to International Public Sector Accounting Standards' report dated 30 April 2015.

### **References-Tabled/Agenda Attachments**

***Attachment A*** *Impact assessment - Transition to PBE IPSAS*

*Attachment A*  
**Impact assessment - Transition to PBE IPSAS**